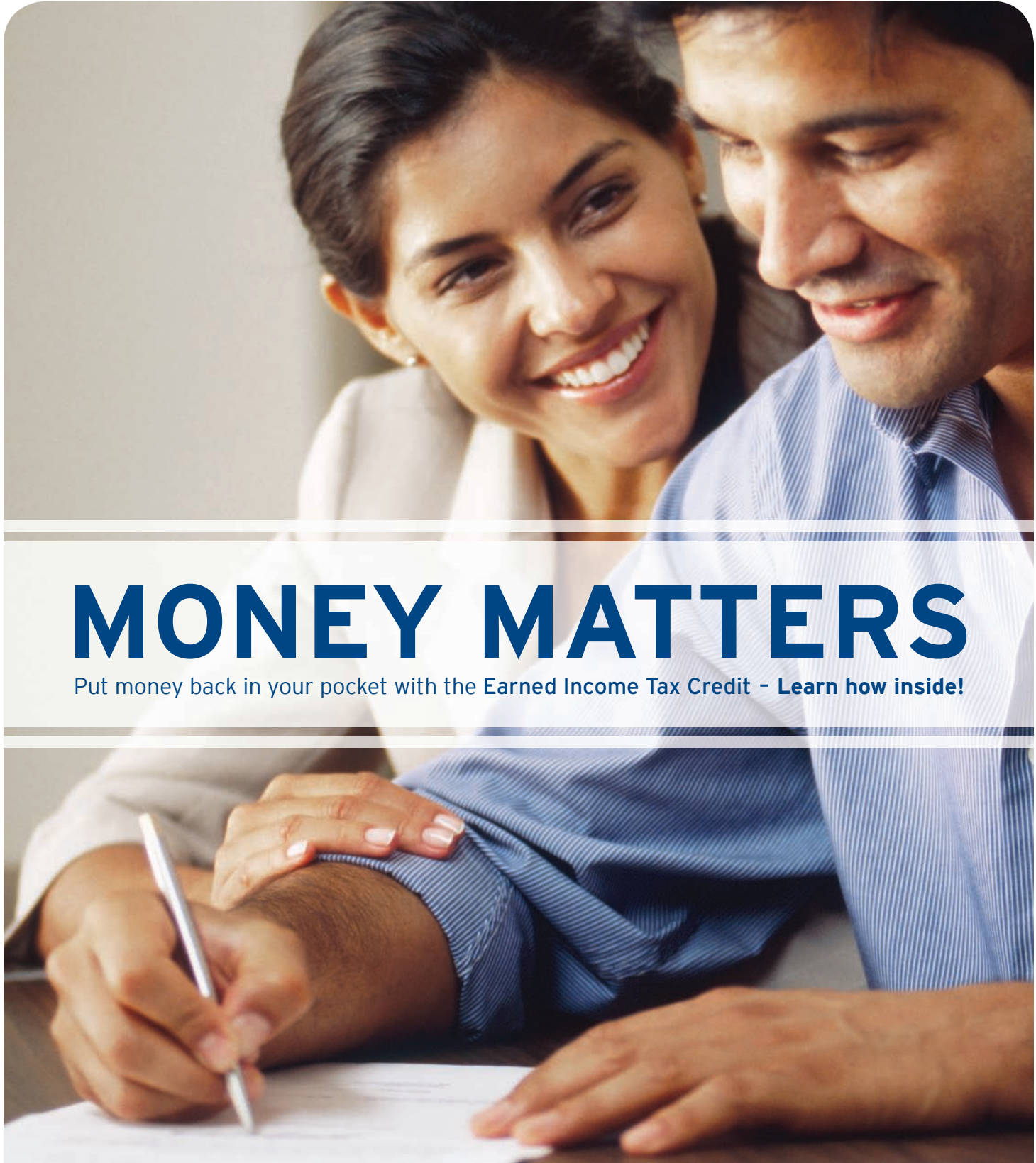


A close-up photograph of a man and a woman smiling and looking down at a document. The woman is on the left, wearing a white blazer, and the man is on the right, wearing a blue striped shirt. They are both looking at a document on a desk, with the man holding a pen over it.

MONEY MATTERS

Put money back in your pocket with the **Earned Income Tax Credit** - **Learn how inside!**

Community Development



“Citi and our community partners across the country support many of the 26 million Americans that received \$59 billion in Earned Income Tax Credit refunds last year – money that is now being used to increase family savings, invest in small businesses, or prepare for college expenses. Yet there are 20 percent of eligible taxpayers who are still not claiming the EITC, leaving billions of dollars on the table that could improve their lives and stimulate their local economies. We are committed to ensuring that all eligible families have the information and tools they need to apply for these hard earned credits.”

- Vikram Pandit, CEO, Citigroup, Inc.

Q&A with Jenny Flores

**Manager, Northern California
and Central Valley**

Citi Community Development

Why did you create this EITC Guide?

We want to empower people in Sacramento to make the most of their money. That's critical in economically difficult times. For example, people who are eligible for an income tax refund through the Earned Income Tax Credit (EITC) should get that money back by filing their taxes. They could save hundreds of dollars that way. It's easy and free assistance is readily available. We describe how and where to do it on pages 5 and 8. We also suggest other simple things that people can do to save needed cash.



What are some of those simple money-saving steps?

On page 6, we've listed ways to save money on loans and credit card debt and on page 5 we talk about how having a bank account can help. Also, free financial counseling is available from local community organizations. We encourage people to ask about it when they visit the sites listed on page 8.

Many people do not know that they can receive a tax refund. How can they do that?

Across the country, 26 million people in households making as much as \$50,000 are eligible to receive an income tax refund from the government. The EITC is a very important way to get a refund. However, people must file an income tax return to get any tax refund. Many people miss out on the opportunity because they don't file a return. In Sacramento County in 2006, 29,428 people who were eligible to receive a refund didn't get it because they did not file a tax return. For all of them combined, that adds up to \$41.3 million in missed refund money!

How much refund money are we talking about for each family?

An eligible household can receive up to \$5,751 back from the federal government with the EITC. We list the eligibility requirements on page 3. Again, eligible families can get all of the tax refund money that they are due ONLY if they file an income tax return.

Is filing an income tax return difficult or expensive?

Filing an income tax return is extremely easy, especially if all or most of your income is from wages. Very importantly, free help is available for preparing and filing the return! On page 8, we've listed places to get that help. Many people find that they can prepare and file the return themselves, which is fine and, of course, also free. In contrast, going to a professional tax filing service can cost hundreds of dollars.

Your Citi Community Development Team in Northern California and Central Valley

**Mary Hogarty, Sacramento, Napa, Sonoma, San Joaquin,
Stanislaus and Merced Counties**

Victoria Joseph, San Francisco

Gabriela Mello, South San Joaquin Valley and Silicon Valley

**Lance Tomasu, Alameda, Contra Costa and Solano
Counties**

What is the EITC?

It's money waiting to be claimed.

The Earned Income Tax Credit (EITC) lets working people who do not earn high incomes (generally, people who earn about \$50,000 or less) **keep more of what they earn**. The money is returned to them as a tax refund.

Many people don't know about the EITC. And here's another very important fact: If you qualify for the EITC, you **must file an income tax return** in order to get your refund. Did you know that millions of dollars in available EITC refunds are unclaimed each year?

How do you claim the EITC?

- ▶ File an income tax return! See page 8 for a list of sites where free help is available.
- ▶ File a joint return if married.
- ▶ Meet certain age requirements (25-65 if you don't claim a child as a dependent).
- ▶ Have a valid Social Security number.
- ▶ Not be someone else's dependent.
- ▶ Meet citizenship requirements.
- ▶ Not have investment income greater than \$3,150 for the year.

Are you eligible?

Households can claim a credit on their tax return if income (earned from working) meets these guidelines:

Number of Qualifying Children:	Taxable earned Income	Maximum Credit You Can Claim For Your Tax Refund
0	No more than \$13,660 <i>(\$18,470 if married filing jointly)</i>	\$464
1	No more than \$36,052 <i>(\$41,132 if married filing jointly)</i>	\$3,094
2	No more than \$40,964 <i>(\$46,044 if married filing jointly)</i>	\$5,112
3 or more	No more than \$43,998 <i>(\$49,078 if married filing jointly)</i>	\$5,751

What is taxable earned income?

Taxable earned income	Not taxable earned income
▶ Wages, salaries, tips and other taxable employee pay ▶ Union strike benefits ▶ Net earnings from self-employment ▶ Long-term disability benefits ▶ Gross income received as a statutory employee (e.g., for work done on commission) ★ Nontaxable combat pay can be included in your income total when calculating EITC, if you wish.	▶ Certain employee benefits (like education assistance or pensions) ▶ Interest and dividends ▶ Retirement income ▶ Social security ▶ Unemployment benefits ▶ Temporary Assistance for Needy Families ▶ Alimony ▶ Child support ▶ Pay received for work while an inmate in a penal institution

Source: Internal Revenue Service, www.irs.gov

Community Development



Putting Money Back in Sacramento Taxpayers' Pockets

Like many hard-working taxpayers in California, Tien Nguyen used to pay to have her income tax returns prepared. Having to take extra money OUT of her pocket to pay those fees was particularly unwelcome to Tien, whose responsibilities include caring for her elderly mother.

Then Tien found out that she could get her taxes prepared and filed for free at a Volunteer Income Tax Assistance (VITA) site hosted by Asian Resources Inc. What's more, the IRS-trained volunteers at the VITA site ensure that people claim the tax benefits for which they are eligible, like the Earned Income Tax Credit (EITC), which can result in sizeable tax refunds.

"The VITA Program puts more money into the pockets of working Sacramento families by helping them claim additional credits and save on the cost of using a paid tax preparer. Especially in these tough economic times when we are all watching our expenses, I urge you to take advantage of this beneficial program if you are eligible."

*- Roger Dickinson,
California State Assembly Member, District 9*

Asian Resources' free services not only saved Tien money in tax preparation fees — she also got a larger refund than she had expected. She was able to pay off overdue bills that had fallen behind, replace her aging phone and even treat her mother to a nice dinner at a local, traditional Asian restaurant.

To top it all off, Tien feels that the service is better at the VITA site.

"They give me more detail and explain it to me," Tien said. "It's very helpful."



Unfortunately, many people don't know about tax credits like the EITC or that one *must file an income tax return* to claim the benefit. Asian Resources is working to get the word out about that. The organization provides free tax preparation services at conveniently-located VITA sites throughout Sacramento (see page 8 for a listing).

"We want to make sure folks we serve are pulling down as much of that credit as possible," said Asian Resources' Executive Director, Elaine Abelaye-Mateo. "We know that these are the folks that really spend in the local economy."

Asian Resources was founded more than 30 years ago. Last year, the organization completed 440 tax returns that resulted in a total of \$577,050 in federal income tax refunds, including \$310,116 through the EITC.

To learn more about free tax preparation, call 211.

For more information, please contact Asian Resources, Inc.:

Website: www.asianresources.org

915 Broadway office: (916) 324-6202

7640 Greenback Lane office: (916) 745-4313

5709 Stockton Blvd. office (administration): (916) 454-1892



6 Tips for Stress-Free Tax Filing

1 Free help with tax preparation is available — see page 8 for locations. Get free help from IRS-trained volunteers at Volunteer Income Tax Assistance (VITA) sites. See page 8 for more information about VITA.

2 Electronic filing is free, fast and safe. Filing your taxes online is safe and secure. It's also the fastest way to get your refund. Eligible people can use Free File at www.irs.gov. Your taxes can be filed online at most VITA sites.

3 Bring what you need to the VITA site (see page 8 for a list of what to bring). Come prepared to avoid mistakes or delays.

4 Contacting the IRS can be useful. Tax help is available 24/7 at www.irs.gov — check out “1040 Central” for the latest updates. Click on “Español” for Spanish content. The IRS can be reached by phone at 1-800-829-1040.

5 You can check on the status of your refund. Go to www.irs.gov and click “Where’s My Refund?” or call 1-800-829-4477.

6 Avoid “rapid refund” loans and check cashing services. “Rapid refund” loans *are expensive* — you’ll end up with less money. The fees can be up to 25% of your refund! You’ll also pay a fee if you cash your refund check at a check cashing service. Ask your tax preparer about e-filing and direct deposit — with these, you can have your refund in just 10 days.

Source: Internal Revenue Service



Why Open a Bank Account?

► It’s Safe.

Money in the bank is insured up to certain limits by the federal government — so, even if the bank were to close, you won’t lose all of your money. Also, putting your money in the bank protects it from theft and fire.

► It’s Convenient.

You can...

- Pay your bills online or with checks, at no cost.
- Have your salary automatically deposited.
- Access your money 24/7/365 through automated teller machines (ATMs).
- Use your ATM card to pay at stores (instead of carrying around cash).

► It Can Grow.

Some bank accounts earn interest — so you end up with more than you put in.

► It Saves You Money.

With a bank account, there’s no cost to cash checks or transfer money.

► It’s the cornerstone of an important relationship.

As the bank gets to know you as a responsible account holder, it’s more likely to give you a loan in the future, for college, a house or a car.

Community Development





For a more secure financial future...

**Save money
and use it wisely.**

► Save for retirement

According to the Department of Labor, the average American will spend 20 years in retirement. Saving helps you make the most of those years. It's fine to **start small** by putting aside just a little each month. Talk to your employer about retirement savings or pension plans. Ask your bank about opening an IRA account.

► Pay off debt

A savings account can earn modest interest BUT, if you're paying a high interest rate on credit cards or loans, you are losing money. **Pay off debt with the highest interest first.** At the same time, change your credit card habits by charging no more than what you can afford to **pay off in the same month.** Save for big-ticket items. It might seem convenient to buy expensive items with credit but you'll have to pay back every dollar and then some!

► Save for college

Whether you want to pay for higher education for your children or further education for yourself, a college education can increase earning potential for a lifetime. Keep in mind that college tuition, books and other expenses add up — even if you qualify for financial aid. Ask your bank about a **529 savings plan.** It's specifically for college costs and provides special tax benefits for you!

► Create a rainy day fund

Good idea: have an emergency fund for when you're in a pinch or during tough times — like unexpected medical costs or sudden unemployment. **Save enough to cover about six months of expenses** and *leave that money alone* during good times. Ask your bank about savings accounts that will earn interest and grow over time.

EITC Puzzle Citi Community Development

Y L I M A F E S N I L D N I
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N T I D E R C E T V O P R C
C E F M T I T I C G I E A O
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ACCOUNT
AMERICA
ASSET
BANK
BUSINESS
CHECKING
CITI
COLLEGE
COMMUNITY
CREDIT
DOLLARS
EDUCATION
EITC
EMPOWER
FAMILY
FINANCES
GOVERNMENT
INCLUSION
INCOME
MONEY
NONPROFIT
REFUND
RETIREMENT
REVENUE
SAVING
TAX
VITA

Learn How to Manage Your Finances:

Tax Tips for 2012, US Internal Revenue Service (IRS)
www.irs.gov/newsroom

Financial Education Guide,
Corporation for Enterprise Development (CFED)
cfed.org/knowledge_center/publications

Financial Education Curriculum, Citi Community Development
www.citicommunitydevelopment.com

► Answer Key



Community Development



Tax forms can be daunting and overwhelming. Many families don't even realize they may be eligible for tax credits to help ease their tax burden. Please join me in getting the word out about the Volunteer Income Tax Assistance Program and the Earned Income Tax Credit. Working families have enough on their plate this year and every little bit helps.

- Darrell Steinberg, President Pro Tempore,
California State Senate

"The Earned Income Tax Credit is one of the best anti-poverty tools offered by the federal government. The EITC, along with the Child Care Tax Credit, is critical to helping low-income families make ends meet while staying out of substantial debt and rebuilding their savings. With an increased number of families facing economic hardship, it is now more important than ever that we ensure Sacramentans are familiar with and are claiming this important credit."

- Doris Matsui, Congresswoman (CA-5)

Earn It! Keep It! Save It!

VITA

Sites & Times

Grant Union High School – Super Site

1400 Grand Avenue
Sacramento, CA 95838
Jan 28 kick-off event & resource fair
Feb 11, 9 a.m. – 3 p.m.

George Sim Community Center – Super Site

6207 Logan Street
Sacramento, CA 95824
Feb 4, 9 a.m. – 3 p.m.

Sacramento Food Bank Services – Super Site

3333 Third Avenue
Sacramento, CA 95817
March 10, 9 a.m. – 3 p.m.

SAFE Credit Union

12519 Folsom Blvd
Rancho Cordova, CA 95742
Feb 4, 11, 25, March 10 & 24, April 7
Sat: 9 a.m. – 1 p.m.

Valley Hi Covenant Church

8355 Arroyo Vista Dr.
Sacramento, CA 95823
Feb 2, 9, 16, 23, March 8 & 22
Thu: 3 – 7 p.m.

Folsom Cordova Community Partnership

10665 Coloma Rd. Ste. 200
Rancho Cordova, CA 95670
Feb 4, 11, 25, March 3 & 10
Sat: 9 a.m. – 1 p.m.

City of Rancho Cordova

2729 Prospect Park Dr.
Rancho Cordova, CA 95670
Jan 28, Feb 4, 11, 25, March 3, April 7 & 14
Sat: 9 a.m. – 1 p.m.

Goodwill Industries

4207 Norwood Ave.
Sacramento, CA 95838
Starting Feb 4
Sat: 10 a.m. – 4 p.m.

Mutual Assistance Network

811 Grand Ave Ste. A3
Sacramento, CA 95838
Jan 31
Feb 4, 7, 14, 18, 21, 28
March 3, 6, 13, 17, 20, 27
April 3, 7, 10, 14
Tue: 5 – 8 p.m.
Sat: 10 a.m. – 1 p.m.

La Familia

5523 34th St.
Sacramento, CA 95820
March 3

SEIU

1325 S St.
Sacramento, CA 95814
Feb 18, April 7

Cypress Avenue Baptist Church

5709 Cypress Ave.
Sacramento, CA 95609
Starting Jan 30
Mon: 9 a.m. – 7 p.m.

Asian Resources – Broadway Career Center

915 Broadway
Sacramento, CA 95818
Feb 1 – April 13
Tue, Wed, Thu: 9 a.m. – 3 p.m.
916-324-6202
By appointment only

Asian Resources – Citrus Heights Office

7640 Greenback Lane
Citrus Heights, CA 95610
Feb 1 – April 13
Tue, Wed, Thu: 9 a.m. – 3 p.m.
916-745-4313
By appointment only

Asian Resources – Administration Office

5709 Stockton Blvd.
Sacramento, CA 95824
Feb 1 – April 13
Tue, Wed, Thu: 9 a.m. – 3 p.m.
916-454-1892
By appointment only

To make an appointment or to find a site near you, please call 2-1-1.

What is VITA?

The Volunteer Income Tax Assistance (VITA) program provides free tax help for people with incomes of approximately \$50,000 or below. At VITA sites, IRS-trained volunteers help taxpayers complete and file tax returns. The volunteers make sure that taxpayers claim the credits they deserve — like the Earned Income Tax Credit (EITC) — which can lead to **significant tax refunds**. VITA sites are in convenient places like community centers, libraries and schools.

Bring ALL of These to the VITA Site!

- ✓ **Proof of identification** (like a driver's license or state ID).
- ✓ **Birth dates and Social Security cards** (or official Social Security number verification letters) for yourself, your spouse and any other family members whom you'll claim as dependents on your income tax return. If you can't get a Social Security number, you'll need an Individual Taxpayer Identification Number (ITIN) — so bring your **ITIN assignment letters**. If you don't have an ITIN, bring **proof of foreign status** (so you can apply for an ITIN).
- ✓ **All documents relating to money that you received throughout the year.** For instance, bring your Wage and Earnings Statement(s) from your employer(s) (Form W-2, W-2G, or 1099-R). Also bring any Interest and Dividend Statement(s) (Form 1099) that you received from your bank(s).
- ✓ A copy of your **federal and/or state tax return from last year**, if you filed.
- ✓ The **total amount you paid for daycare** and the **daycare provider's tax identification number** — these payments might make you eligible for credits!
- ✓ If you have a bank account and want to have your tax refund direct-deposited (it's faster), bring your **bank routing and account numbers**. These are usually listed on your checks or deposit slips.
- ✓ **Your spouse!** Both of you must sign the required forms.

This special supplement is made possible with funding by Citi Community Development (www.citicommunitydevelopment.com). Please consult your own tax advisor for your own situation.